GST IMPLEMENTATION IN MALAYSIA

17 April 2017
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- What Can Go Wrong?
- Risks of Non Compliance
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OVERVIEW OF GST IN MALAYSIA
OVERVIEW OF GST IN MALAYSIA

1. GST replaced the Sales Tax and Service Tax in Malaysia effective 1 April 2015;

2. GST is charged and levied on any supply of goods and services made in Malaysia and any importation of goods into Malaysia;

3. GST standard rate is 6%;

4. Threshold for registration is annual taxable turnover exceeding RM500,000 (equivalent to approx. USD 113,000).
OVERVIEW OF GST IN MALAYSIA

- **2014 Budget Announcement**
  25 October 2013

- **GST Bill 2014**
  - 7 April 2014: Passed by House of Representatives
  - 5 May 2014: Passed by Senate
  - 9 June 2014: Royal Assent received

- **Goods & Services Tax Act 2014**
  - 19 June 2014: Publication in Gazette

- **GST Registration started in June 2014**

- **GST commencement on 1 April 2015**
OVERVIEW OF GST IN MALAYSIA

- 160 countries have implemented GST/VAT since 1948
- In ASEAN region, only Myanmar and Brunei have not implemented GST

<table>
<thead>
<tr>
<th>No.</th>
<th>Country</th>
<th>Year of Implementation</th>
<th>Initial Rate (%)</th>
<th>Current Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Indonesia</td>
<td>1984</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>Thailand</td>
<td>1992</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>Singapore</td>
<td>1993</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Philippines</td>
<td>1998</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>5</td>
<td>Vietnam</td>
<td>1999</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>6</td>
<td>Cambodia</td>
<td>1999</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>7</td>
<td>Laos</td>
<td>2009</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>8</td>
<td>Malaysia</td>
<td>2015</td>
<td>6</td>
<td>6</td>
</tr>
</tbody>
</table>
## OVERVIEW OF GST IN MALAYSIA

### Types of Supply

<table>
<thead>
<tr>
<th>Categories of Supply</th>
<th>Output tax</th>
<th>Input tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Rated Supply</td>
<td>6%</td>
<td>Claimable</td>
</tr>
<tr>
<td>Zero Rated Supply</td>
<td>0%</td>
<td>Claimable</td>
</tr>
<tr>
<td>Exempt Supply</td>
<td>No GST</td>
<td>Not Claimable</td>
</tr>
<tr>
<td>Out of Scope Supply</td>
<td>No GST</td>
<td></td>
</tr>
</tbody>
</table>

No ‘reduced rate’ as in UK which is 5% compared to standard rate of 20%
TYPES OF SUPPLY - OUT OF SCOPE

There is no GST in respect of an out-of-scope supply e.g.

- Supply by non-registered person
- Supply not in the course or furtherance of business
- Supply of goods made outside Malaysia
- Supply by the Federal Government and State Governments (unless the Minister otherwise directs by order published in the Gazette)
- Supply by local authority and statutory body in respect of its regulatory and enforcement functions
TYPES OF SUPPLY - EXEMPT

- Transport services
- Private healthcare services
- Child care services
- Private education services
- Residential property
- Financial services
- Investment precious metal
## TYPES OF SUPPLY - ZERO RATED

<table>
<thead>
<tr>
<th>Categories of Supply</th>
<th>GST Rates</th>
<th>Examples of Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero Rated Supply</td>
<td>0%</td>
<td>Export sales or supply of goods / services in the list of GST (Zero Rated Supply) Order (e.g. / basic foodstuff / international services / water &amp; electricity (300 units) to domestic household</td>
</tr>
</tbody>
</table>
## TYPES OF SUPPLY - STANDARD RATED

<table>
<thead>
<tr>
<th>Categories of Supply</th>
<th>GST Rate</th>
<th>Examples of Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard Rated Supply</td>
<td>6%</td>
<td>Local supply of goods / services not in the list of GST (Zero Rated Supply) Order or GST (Exempt Supply) Order</td>
</tr>
</tbody>
</table>
**GST REGISTRANTS AND COLLECTION**

Number of GST registrants : 435,809 as at 21/2/2017

<table>
<thead>
<tr>
<th>GST</th>
<th>2015 (9 mths) (Actual)</th>
<th>2016 (Actual)</th>
<th>2017 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collection</td>
<td>(RM’billion)</td>
<td>(RM’billion)</td>
<td>(RM’billion)</td>
</tr>
<tr>
<td>Total</td>
<td>27</td>
<td>41</td>
<td>42</td>
</tr>
</tbody>
</table>
ROAD MAP TO IMPLEMENTATION

How to plan for a smooth transition
GST impacts ALL aspect of BUSINESS

Finance & Administration

Sales & Marketing

Human Resource

Legal, Compliance & Governance

Purchasing & Procurement

Information Technology
Some examples of issues arising for Divisions:

**Procurement**
- GST-registered suppliers, awareness of tax invoice requirements, adjusted credit terms, etc.

**Sales & marketing**
- Discounts offered and sales incentives, adjusted credit terms, GST contractual requirements, customer gifts, etc.

**HR & Admin**
- GST training, employee benefits (contractual vs non-contractual), employee claims, employee gifts, etc.

**Accounts & Finance**
- Accounts payable & receivable, GST documentation, GST tax codes, GST returns, accounting systems, treasury, capital expense, taxation, etc.

**Legal Department**
- GST legal issues, long term contract reviews, contract negotiation, warranty, etc.
GST IMPACTED AREAS

- Alignment of Business Process to GST Reporting regulations
- Alignment of GST objectives with cross-business processes (Finance, Legal, Purchasing & Procurement, Human Resource, and Sales & Marketing)
- Current Information Technology capability (Information system landscape, functionality, reporting/monitoring and integration issues)
- Staff training and awareness
- Competency of personnel (Finance, IT, Tax, Legal, Procurement and HR)
- Support from internal/external parties, IT Vendor and/or Tax Consultant
IMPACT ON INFORMATION TECHNOLOGY SYSTEMS

Resources

- **Current resources capability** to support and ensure alignment with Tax and Finance (including other departments like HR, and Marketing)

- **Availability and support from external resources** e.g. vendors

- **Commitment from solutions providers** and vendors for support towards GST going ‘live’ and post GST
IMPACT ON INFORMATION TECHNOLOGY SYSTEMS

Integration

• Integration of different systems to handle GST processing
• Movement of data from Front End to Back End
• Level of Automation and manual intervention

Backup / Retention / Recovery?

Systems migration or major upgrade to GST compliant version may have considerable impact on the organisation towards meeting the deadline (i.e. GST Effective Date)
GST IMPLEMENTATION APPROACH

**PHASE 1**
- Formation of GST working group
- Clarification of existing business processes and transactional flows
- Identify GST issues

**PHASE 2**
- To address GST issues identified
- To develop a GST implementation work plan
- Issue/amend policies & procedures
- Trial run of GST processes and procedures, accounting systems, pro-forma GST return, etc.
- GST Registration
- To ensue transitional issues being addressed

**PHASE 3**
- Post-implementation assistance
- Keep abreast of GST updates
- Training
How to ensure staff have the right skills to deal with VAT
How to ensure staff have the right skills to deal with VAT

- Training courses by Customs (incl. updates)
- Training courses by consultants (incl. updates/refresher)
- Participate in discussions/workshops on implementation
- Monitor updates (responsible person) and Keeping abreast
- VAT team i.e. not overly dependent on one person
- Retainer with Consultants (3 to 6 months) post implementation

[Cont’d.]
How to ensure staff have the right skills to deal with VAT

- Review of VAT returns (Consultants or internal)
- VAT Health Check
- Discussion of common issues with trade associations, similar businesses
- Familiar with Act, Regulations, Orders, Guides and rulings
- Liaison with Customs
WHAT CAN GO WRONG?

Now What?!!
WHAT CAN GO WRONG?

1. High staff turnover in finance department
WHAT CAN GO WRONG?

2. Failure to keep abreast on changes

- GST Act
- GST Regulations
- GST Orders
- DG Decisions
- GST Guides
### WHAT CAN GO WRONG?

2. Failure to keep abreast on changes (cont’d.)

<table>
<thead>
<tr>
<th>Year</th>
<th>Payment Date</th>
<th>Invoice Date (if earlier)</th>
<th>Earlier of</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>Payment date</td>
<td>Invoice received</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>Payment date</td>
<td>Invoice date</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>Payment date</td>
<td>Invoice date (if earlier)</td>
<td>Optional</td>
</tr>
<tr>
<td>2014</td>
<td>Payment date</td>
<td>No Option</td>
<td></td>
</tr>
</tbody>
</table>

**Example:**

TIME OF SUPPLY OF IMPORTED SERVICES
WHAT CAN GO WRONG?

3. Inadequate documentation

- Reconciliations to Management Accounts
- Supporting Listings to GST Returns
- Valid Tax Invoices
- Customs Declaration Forms (e.g. K1 & K2)
- GST Audit Files
- Certificate of Scrap/Waste Destruction
WHAT CAN GO WRONG?

4. Financial accounting systems errors

Sorry, unable to generate tax invoice, GST report etc..

SYSTEM ERROR!!!
WHAT CAN GO WRONG?

5. Inefficient GST related process controls

- Invalid Tax Invoices
- Non routine revenue items
- Gifts
- Staff Claims
- Timing of Output tax
- Bad debts
- Internal Controls

OOPS !!!
WHAT CAN GO WRONG?
How to avoid them?

PEOPLE
- Training
- Regular update of GST knowledge
- GST knowledge transfer

RECORD KEEPING
- Keep complete records and documents supporting GST declarations
- Maintain GST documents
- Record transactions on timely basis
- Keep GST worksheets

SYSTEMS
- Accounting system
- Collate information for GST reporting
- Inventory system

INTERNAL CONTROL
- Treatment of exceptional transactions
- Second level of review
- Periodic review
RISKS OF NON COMPLIANCE
### PENALTIES

<table>
<thead>
<tr>
<th>Offence</th>
<th>Penalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Late registration</td>
<td>RM1,500 (1-30 days) up to RM20,000 (exceeding 360 days)</td>
</tr>
<tr>
<td>General offences</td>
<td>Up to RM30,000 and/or imprisonment up to 2 years</td>
</tr>
<tr>
<td>Incorrect return (omission of information, understatement of output tax, overstatement of input tax)</td>
<td>Up to RM50,000 or up to 3 years imprisonment or both (plus penalty) (RM50,000 x 12 returns = RM600,000 per year)</td>
</tr>
<tr>
<td>Evasion, fraud</td>
<td>Fine of up to <strong>40 times the tax or imprisonment</strong> not exceeding <strong>7 years</strong> or both</td>
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</table>
### PENALTY FOR LATE PAYMENT

<table>
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<tr>
<th>Over due</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>Day(s)</td>
<td>Rate %</td>
<td>Rate %</td>
</tr>
<tr>
<td>First 30 days</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>Second 30 days</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>Third 30 days</td>
<td>10</td>
<td>15</td>
</tr>
</tbody>
</table>

Year 2015 - No specific penalty for late payment

Year 2016 - Penalty on total GST liability

Year 2017 - Penalty on outstanding GST liability
WHO IS LIABLE?

The following shall be deemed to be guilty of a GST offence:

...director, partner, manager, secretary or other similar officer of the company, firm, society, association or other body of persons...

unless, he proves -

a) that the offence was committed without his knowledge, consent or connivance; and

b) that he took all reasonable precautions and had exercised due diligence to prevent the commission of the offence.
UTRAJAYA: More than 22,000 businesses are being targeted by the Royal Malaysian Customs Department for failing to submit their Goods and Services Tax (GST) returns.

Customs Director-General Datuk Seri Khazali Ahmad said from Oct 12, the department will begin an auto-assessment exercise on them for GST payment.

He said from over 310,000 businesses which have registered for the tax, 22,184 have failed to submit their GST returns since April when the new tax regime took effect.

About 800 of them are big enterprises known to have turnovers in excess of RM5 million per annum, meaning the GST collectable from them alone is about RM240 million, not taking into account the remaining 21,000.

Khazali told a press conference yesterday that auto-assessment will be based on the declared thresholds of the businesses upon registering for GST during the registration process.

He said the department has been trying to contact these businesses...
Customs Dept issues 37,556 GST-related compounds

KUALA LUMPUR: The Royal Malaysian Customs Department has issued compounds for various offences related to the goods and services tax (GST) from Jan 1, 2015, to Feb 17, 2017, said the Finance Ministry.

The ministry said the compounds were issued for failure to display payment, tax invoice or to submit returns statement and payment, tax invoice or return statement.

Meanwhile, under the GST, four of its officers were employed as ‘telecoms shop owner first in Perak to be fined for failing to submit GST statement’.

Three female directors accused of GST evasion face similar charge over 2nd company

Wednesday, 8 March 2017 | MYT 5:13 PM

Telecoms shop owner first in Perak to be fined for failing to submit GST statement

Nation

Eatery found not issuing GST receipts

Wednesday, 7 September 2016
Malaysia

Cosmetics queen Vida charged with avoiding RM4.2m in GST

OCTOBER 13, 2016

KUALA LUMPUR, Oct 13 — Datuk Seri Hasmiza Othman, a cosmetics millionaire better known as Dr Vida, was slapped today with 32 charges over failure to pay the Goods and Services Tax (GST) amounting to RM4.2 million.

National newswire Bernama quoted that Vida, 45-year-old owner of Vida Global Group, which had a total capital of RM1.9 billion in 2012, and her husband were woken up by National territorial police (CID) personnel before being driven to the police station.

"I was woken up by CID officers in the early hours of today before being driven to the police station," Vida told Bernama.

Her wife of 10 years and another national police officer, both in their 40s, also accompanied her.

Dr Vida was charged with failing to pay GST on Vida Global Group’s trading profit under the year of assessment 2011, according to a news release from the Public Relations Department of the National Police (PDRM).

Kuala Lumpur High Court had set the case remonement for Oct 26.

Dr Vida has been in the news recently for striking a pose under the name "Vida" on a cover of a cosmetics brand book which was being sold.

The federal government has been increasing its efforts to raise revenue from GST, which came into force in September 2016.

Despite the economic downturn and growing public frustration, the government has said it will continue to raise revenue from the GST.

Dr Vida is the owner of Vida Global Group which operates in the cosmetics industry.

The company has been facing financial difficulties in recent months, with Vida reportedly being involved in a number of legal disputes.

The case is set for remonement on Oct 26.

Dr Vida is a regular on the magazine cover and has been involved in several high-profile cases.

The national police have released a statement regarding the charges, stating that Dr Vida had been charged with two counts of failing to pay GST on Vida Global Group’s trading profit under the year of assessment 2011.

The charges were brought before the High Court in Kuala Lumpur and the case is set for remonement on Oct 26.

Dr Vida is the owner of Vida Global Group which operates in the cosmetics industry.

The company has been facing financial difficulties in recent months, with Vida reportedly being involved in a number of legal disputes.

Despite the economic downturn and growing public frustration, the government has said it will continue to raise revenue from the GST.

Dr Vida is a regular on the magazine cover and has been involved in several high-profile cases.

The case is set for remonement on Oct 26.
Customs Department To Launch Ops CBOS On GST From Sep 1

KUALA LUMPUR, Aug 29 (Bernama) — The Royal Malaysian Customs Department (JKDM) will launch the Customs Blue Ocean Strategy Operation (Ops CBOS) in phases from Sept 1 to audit companies registered for the Goods and Services Tax (GST).

Datuk Seri Khazali Ahmad, the Director, said about 50,000 companies had been identified in the first phase, and the audit is to ensure they are on the right track.

"There are 420,000 companies registered for the GST. After implementation of this new tax regime one and a half years ago, we want to ensure everything is being done in the correct way," he added.

Khazali said there would be no changes made to the GST in the coming Budget 2017.

Meanwhile, the Malay Tax Institute of Accountants organised the two-day GST Conference, themed "The Future of Economic Growth". It aims to provide participants with the latest developments on the consumption tax which replaced the Sales and Service tax (SST).

Some 500 participants attended the event.

He told reporters this at the GST conference since 2016 and until the next phase of the Ops CBOS.

Khazali said the first phase of the Ops CBOS will involve 1,500 customs officers and run until year-end.
GST IN THE NEWS

Customs to turn to dongles to detect GST evaders
Malay Mail Online - Mar 6, 2017
The CBOS 3.0 Op which will involve 200,000 GST registered companies is aimed at improving GST compliance level through education. Customs Dept launching project to detect companies dodging GST ...
New Straits Times Online - Mar 6, 2017

ALOR SETAR, March 7 — The Royal Malaysian Customs (JKDM) will install a dongle at every premises of businesses registered with Goods and Services Tax (GST), which is expected to increase collection of sales tax by RM3 billion this year.

Customs Dept targets RM3b GST collection through CBOS this year
Malay Mail Online - Feb 20, 2017
He said the department aims to inspect about 200,000 of the 433,000 GST-registered companies in the CBOS 3.0 operation from today until ...
Help for business operators on GST compliance
The Sun Daily - Feb 19, 2017
Collective Intelligence Arrangement

“To enhance efficiency in tax collection and compliance.”

- extract from PM’s Speech
CHALLENGES FACED In Malaysia
DIFFERENT OFFICERS GIVING DIFFERENT VIEWS

HQ

STANDARD RATED
INPUT TAX CLAIMABLE

STATE

ZERO RATED
BLOCKED INPUT
Submit Application for

SALES TAX
REFUND

RMCD Internal Policy
No refund if price of
the product does not
show a reduction !!!
COMPLIANCE COST

- Professional advice
- Software/system
- Additional staff
- Training costs
- Filing GST return monthly or quarterly

Retailers must use a GST compliant point of sale (POS) system or GST compliant cash register to issue GST tax invoices.

High compliance cost for small businesses may lead to failure to register or closure of small business.
GST DOCUMENTATION

Invalid tax invoice received

INPUT TAX NOT ALLOWED !!!

• Correct name?
• Correct address?
• Contained all prescribed particulars?

Import Form

Document not in Co. name

INPUT TAX NOT ALLOWED !!!

• Valid documentation to prove
  (a) importation (for claiming input tax); or
  (b) exportation (for zero rating of supply?)
TRANSITIONAL ISSUES

Supply of services made on a periodic or progressive basis over a period that spans 1 April 2015

- Confusion on progress payment schedule
- Grey area on determining the exact period of the services performed
- Valuation of services
**DISBURSEMENT & REIMBURSEMENT**

<table>
<thead>
<tr>
<th>Disbursement</th>
<th>Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not a supply</td>
<td>Is a supply</td>
</tr>
<tr>
<td>Not entitled for input tax claim</td>
<td>Entitled for input tax claim</td>
</tr>
</tbody>
</table>

- What if no mark up is charged – straight flow – through of costs?
- What if original supply is zero rated/exempt/out of scope – tax still has to be charged?
Whether GST needs to be charged by Company A will depend on whether it is treated as a **reimbursement or disbursement** by Company A.
Legislation

1. Accommodation Premises and Similar Establishment (revised as at 15 January 2016)
2. Advertising Services (revised as at 20 May 2015)
3. Agents (revised as at 4 November 2015)
4. Agriculture, Fisheries and Livestock Industry (revised as at 3 November 2015)
5. Aviation Industry (revised as at 02 November 2015)
6. Approved Jeweler Scheme (revised as at 03 November 2015)
7. Approved Toll Manufacturer Scheme (revised as at 3 March 2016)
8. Approved Trader Scheme (revised as at 12 January 2016)
10. Auction Services (revised as at 5 November 2015)
11. Bereavement Care Services Industry (revised as at 8 December 2015)
12. Commercial Banking (revised as at 4 January 2016)
13. Construction Industry (revised as at 2 February 2016)
15. Development Financial Institution (revised as at 5 January 2016)
16. Duty Free Shop (revised as at 14 January 2016)
17. E-Commerce (revised as at 18 December 2015)
18. Entertainment Industry (revised as at 18 April 2015)
19. Event Management Industry
20. Forestry Industry (revised as at 8 January 2016)
21. Freight Transportation (revised as at 18 December 2015)
### Timeline of Specific Guide Updates

<table>
<thead>
<tr>
<th>Specific Guide</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
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<tbody>
<tr>
<td>Capital Goods Adjustment</td>
<td>15/11/13</td>
<td>22/01/15</td>
<td>18/12/15</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Designated Area</td>
<td>11/11/13</td>
<td>19/12/14</td>
<td>18/12/15</td>
<td>05/01/16</td>
<td>12/01/16</td>
<td>11/04/16</td>
<td>01/01/17</td>
<td></td>
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<tr>
<td>Employee Benefits</td>
<td>16/08/13</td>
<td>21/07/14</td>
<td>18/06/15</td>
<td>2/11/15</td>
<td>06/04/16</td>
<td>29/09/16</td>
<td>10/11/16</td>
<td>23/1/17</td>
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<td>Exports</td>
<td>04/11/13</td>
<td>21/12/15</td>
<td>12/08/16</td>
<td></td>
<td></td>
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<td>Free Commercial Zone</td>
<td>06/11/13</td>
<td>22/07/14</td>
<td>05/01/16</td>
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<td>Free Industrial Zone</td>
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<td>Imports</td>
<td>04/11/13</td>
<td>25/05/15</td>
<td>21/12/15</td>
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<td>Input Tax Credit</td>
<td>27/10/13</td>
<td>29/12/15</td>
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<td>Partial Exemption</td>
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<td>23/04/13</td>
<td>13/01/16</td>
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<td>24/02/16</td>
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<tr>
<td>Supply</td>
<td>25/10/13</td>
<td>14/07/15</td>
<td>18/12/15</td>
<td>08/01/16</td>
<td>12/01/16</td>
<td>24/05/16</td>
<td>13/02/17</td>
<td></td>
</tr>
<tr>
<td>Tax Invoice and Record Keeping</td>
<td>28/03/13</td>
<td>20/07/14</td>
<td>20/05/15</td>
<td>30/12/15</td>
<td>05/12/16</td>
<td>06/01/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfer of Going Concern</td>
<td>27/10/13</td>
<td>25/05/15</td>
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<td>Transitional Rules</td>
<td>21/02/14</td>
<td>10/07/14</td>
<td>19/03/15</td>
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<td>Valuation</td>
<td>21/03/14</td>
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REFUND DELAYED DUE TO VERIFICATION PROCESS

Headlines

Customs D-G: GST refund payment delayed due to conflicting company account numbers

Over 60% GST claims refunded

When asked about the delay in refunds, Tholasy says filings were badly done...Should have filed as zero-rated...erroneously filed as standard rated
ADDITIONAL TIPS
GST RETURNS

Basic Checks

• Is there any difference between supplies for accounting purposes compared to supplies for GST purposes? If so, have you accounted for this properly?

• Have you recorded GST on all intercompany items that are not sales transactions (i.e. management charges, etc.)?

• Does output tax = GST rate (%) of taxable supplies? If not, ensure reconciliation is carried out

• Does input tax = GST rate (%) of standard-rated taxable purchases? If not, ensure reconciliation is carried out
• Any deemed supply such as gifts, use of business assets for personal use etc.?

• Any input tax over-claimed related to blocked items or simplified tax invoice?

• Any unusual items during the period which may have GST implication?

• Have you accounted for imported services?
DO’S AND DON’TS FOR GST DISPUTES

Do …
✓ Build relationships with GST officers at senior level
✓ Make sure GST officers fully understand the factual circumstances
✓ Consider the best ways to set out the facts
✓ Keep focus on the issues
✓ Work openly and collaboratively where you can
✓ Try and agree a timetable for key meetings and exchanges to keep up the momentum

Don’t …
• Forget to engage with GST officers before they issue a binding decision
• Be afraid to ask why GST officers have reached a particular view
• Get to a stage where you have an entrenched view
• Let an enquiry drag on if you believe that your industry association might help to reach an early resolution
ENSURING ON-GOING COMPLIANCE

Minimizing risks of errors

• Regular reviews
• Independent health check
• Work with your advisors
• Use data analytical tools effectively where available
• Good overall procedures (e.g. reconciliations)
• Regular training of staff
• Back-up for the authorized person
• Documentation
CONTRACTS

• Have you developed GST clauses in your contracts/agreements?

GST clauses and the ability to collect any GST payable from the recipient under the contract become important (potential 5.67% revenue loss)

➢ When you are a supplier under such contracts you may lose out but gain when a purchaser!!

GST clauses ?
Are you going to adjust the price of your products?

Take note that in Malaysia, companies were fined by Sessions Court for offences under the Price Control and Anti Profiteering Act 2011 due to unreasonably high profit (*Net profit margin*).

**AEON fined for selling bread for 30 sen extra**

Judge Amran Jantan imposed a fine of RM110,000 on AEON Co (M) Bhd, which was represented by its bakery manager, Mohd Ridzuan Cheah Abdullah, after pleading guilty to four charges which were fined RM20,000; RM25,000; RM30,000; and RM35,000 respectively.

The company was alleged to have committed profiteering by increasing the sale price from RM1.20 to RM1.50 which raised the net profit margin for the almond muffin bread, vanilla muffin bread, chocolate chips muffin bread and blueberry muffin bread.
DISPLAY PRICE

- Price display inclusive or exclusive of GST?
THE SIX KEYS TO SUCCESS

1. Keeping abreast with changes
2.
3.
4.
5.
6.
THE SIX KEYS TO SUCCESS

1. Keeping abreast with changes
2. Tone from the Top (Directors)
3.
4.
5.
6.
THE SIX KEYS TO SUCCESS

1. Keeping abreast with changes
2. Tone from the Top (Directors)
3. Organization (Team work)
4.
5.
6.
THE SIX KEYS TO SUCCESS
THE SIX KEYS TO SUCCESS

1. Keeping abreast with changes
2. Tone from the Top (Directors)
3. Organization (Team work)
4. Software (Technology)
5. 
6. 
THE SIX KEY TO SUCCESS

1. Keeping abreast with changes
2. Tone from the Top (Directors)
3. Organization (Team work)
4. Software (Technology)
5. Be prepared for audit
6.
THE SIX KEY TO SUCCESS

1. Keeping abreast with changes
2. Tone from the Top (Directors)
3. Organization (Team work)
4. Software (Technology)
5. Be prepared for audit
6. Time is of essence
ARE YOU READY ??

Unprepared = Nervous

VS

Prepared = Calm

Which do you want to be?
THANK YOU
PRESENTER’S CONTACT DETAILS

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